

April 28, 2020

[Translation]

Notice Regarding Establishment of a Governance Improvement Committee

On April 13, 2020 Japan Display Inc. (“JDI”) received an investigation report from the third-party committee established by JDI to conduct a fact-finding investigation of the allegation by a former employee of improper accounting treatments in the financial results for previous fiscal years (“this matter”). JDI is treating this improper financial accounting matter with the utmost seriousness. At a meeting of the board of directors held today, JDI decided to establish a “Governance Improvement Committee” that includes five members, including three outside experts independent of the company. This Committee will take steps to correct flaws related to internal controls, strengthen future management and governance systems, and progressively implement measures to prevent recurrence of this matter, based on the recommendations received from the third-party committee.

Under the Governance Improvement Committee that has been established, the company will earnestly work on reforms to prevent recurrence, and will do its best to restore the trust of all stakeholders.

JDI wishes to thank all concerned parties for their understanding and continuing support.

I. Purpose of establishing a Governance Improvement Committee

The purpose of establishing a Governance Improvement Committee is to: (1) analyze the causes of this matter and issues related to the governance of JDI, (2) consider and formulate measures to improve governance and measures to prevent recurrence of this matter and (3) monitor the management of measures to prevent recurrence, and thereby restore confidence in the company’s governance capabilities.

II. Membership of the Governance Improvement Committee

Committee chair	Scott Callon	Chairman and Representative Director of Japan Display Inc.
Member	Minoru Kikuoka	President and Representative Director of Japan Display Inc.
Member	Ryosuke Kuwada	Outside Director of Japan Display Inc.
Member	Toraki Inoue	CPA, President and Representative Director of Accounting Advisory Co., Ltd.
Member	Yasuhiko Fujitsu	Lawyer Partner of Mori Hamada & Matsumoto

As a financial accounting professional, Toraki Inoue has broad knowledge of corporate governance as well as accounting. As a member of the legal profession, Yasuhiko Fujitsu has considerable knowledge about corporate

governance as well as the law, and also chaired the special investigation committee initially established by JDI to investigate this matter.

III. Governance improvement measures and recurrence prevention measures currently under consideration

1. Governance reforms

- (1) Strengthening of mutual monitoring and supervisory functions of the board of directors
- (2) Revision of auditing methods by company auditors
- (3) Strengthening the coordination of the three-pillar audit system
- (4) Changes in management attitude
- (5) Improvements in corporate culture and awareness regarding legal compliance

2. Improvements in accounting treatment and the accounting division

- (1) Qualitative and quantitative reinforcement of accounting division personnel and implementation of appropriate personnel rotation incorporating human resource development
- (2) Clarification and thorough implementation of internal rules for accounting treatment
- (3) Strengthening and adequate operation of control activities for accounting treatment

3. Strengthening of internal control functions

- (1) Strengthening the whistleblower system
Review and reiterate employee awareness of the contact window for whistleblowers; promote awareness regarding the internal control system and guarantee strict anonymity protections
- (2) Enlarging the scope of and revising the methods for internal audits

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